

Milwaukee County Employees' Retirement System (ERS)
Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Members: Guy Stuller
Dean Roepke
Keith Garland

1. Call to Order:

Guy Stuller called the Audit Committee Meeting to order at 1:00 pm, on 8-13-09, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

2. Roll Call:

| | | | |
|--------------------------------|-------------------------------|-------------------------------|--------------|
| <u>Members Present:</u> | <u>Members Excused</u> | <u>Others Present:</u> | |
| Guy Stuller | Dean Roepke | Gerald Schroeder | Marilyn Mayr |
| Keith Garland | | Steve Huff | Dale Yerkes |
| | | Mark Grady | Larry Langer |

The following handouts were provided to the Audit Committee members and guests:

- Buck Consultants E-mail Clarification on a Reduced Backdrop Annuity
- Corporation Counsel E-mail Clarification on Survivorship Options for Active Employees

3. Topic: Buck Consultants – Actuarial Assumptions & 2010 Funding Request

A teleconference was set up with Larry Langer, from Buck Consultants. A brief summary was provided, as to the logic behind the actuarial projections for the 2010 requested contribution. The summary addressed pages 19 & 20 of the 2009 Actuarial Report. The first formula addressed the Reconciliation of the 2009 Budget to 2009 Actual Contributions. The second formula addressed the Reconciliation of 2009 Actual to 2010 Budget Contributions. The Pension Board approved the Buck Consultants document at the July 15, 2009 meeting.

Projected contributions were formulated based on some key considerations:

- No Assumption Changes were used.
- The smoothing of assets over time approach.
- A 30 year amortization of Bonds into the Fund.
- Using the most recent information available.
- Using the 2008 calendar year experience to project 2009 & 2010.
- Also, using the April & May of 2009 calculations, for the 2010 projection.
- The County Board mandated the methodology with respect to ERS's receipt of bond proceeds.
- ERS is moving towards a goal of 100% funding.
- Amortization is a good approach for pension funds.

4. **Topic:** Buck Consultants (E-Mail): Backdrop/Annuity Equivalent to MAX Option

The Buck Consultant e-mail was discussed from the standpoint that although a reduced backdrop annuity could be calculated as an actuarial equivalent to the MAX Option, it is currently not the desire of the Board to pursue.

5. **Topic:** Corporation Counsel (2007 Opinion): Beneficiary Backdrops

No discussion on the distributed e-mail took place, once it was pointed out that the Pension Board, at the July 15, 2009 meeting, approved the revised Protective Survivorship Option (PSO) that denies a beneficiary a backdrop.

Discussion took place on the need to inform our active employees of their right to complete a PSO form, once they are approaching retirement age and choose to continue working. Currently, PSO Brochures are distributed and the County Intranet provides such information. Also, the ERS staff informs active employees of the PSO form, once a retirement inquiry is received. If the employee brings up the desire to deviate from the general PSO guidelines, they will be directed to the possibility of pursuing an Option 7 to the Board.

ERS will explore the use of County-wide E-mail blasts, along with newsletters and union notifications, to promote the PSO form.

6. **Topic:** Ordinance/Board Rules Discussion
- | | |
|--------------|-------------|
| a. Rule 1013 | c. PSO Form |
| b. Rule 1043 | d. Other |

Discussion will be carried over to future Audit Committee meetings.

7. **Topic:** Fee Disclosure

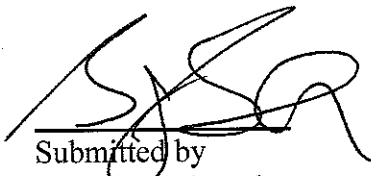
Investment Manager Fees were generally discussed, with the clarification that Marquette Associates receives a flat payment and investment managers receive fees. The ERS Fiscal Officer will attend the next Audit Committee meeting on 9-3-09, and address this issue, along with a handout.

8. **Topic:** 2009 Audit Committee Meeting Schedule

Discussion took place relative to setting an agreeable meeting time for the Audit Committee, for the remaining portion of the year. A Revised 2009 Board & Meetings Schedule will be issued by ERS. The following meeting dates were agreed to:

- September 3, 2009
- October 1, 2009
- November 5, 2009
- December 3, 2009

9. **Topic:** The Audit Committee Adjourned at 2:30 PM.



Submitted by
Gerald J. Schroeder
ERS Manager